



Update on Short-Term Rentals

Honolulu City Council Committee on Zoning & Housing

Department of Planning & Permitting

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P:Special Projects/TVU/18 May PPT

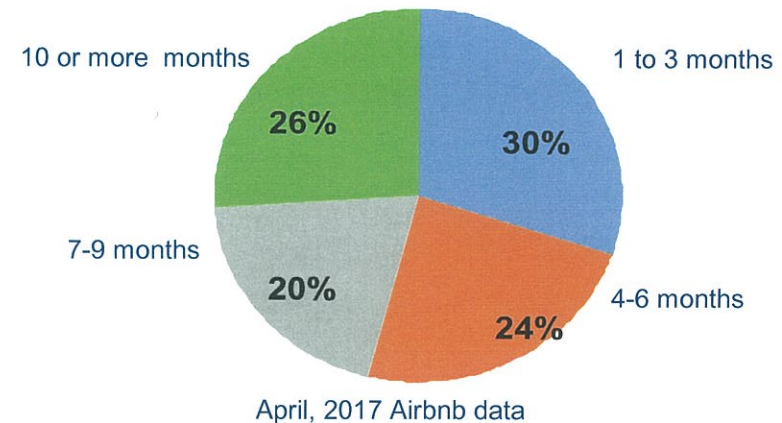
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Myths vs Realities



- Most Short-Term Rentals (STRs) are not rented out year-round
- Outside of resort areas, there are only 816 legal STRs
- Research estimates 8,000 to 10,000 units are available as STRs
- Maui has more STRs than Oahu

Airbnb Unit Availability per Year



Myths vs Realities



- There is no definitive study that documents impacts to neighborhoods (locally or nationally)
- There is anecdotal evidence that these uses overwhelm and change the character of neighborhoods
- B&Bs are more acceptable by neighbors than TVUs
- Public continues to be split, half in support, half opposed to STRs

Current Working Draft Bill



- Establish New Property Tax Classifications
 - “Bed and Breakfast Home”
 - “Transient Vacation Unit”
- LUO Amendments
 - New Permit System
- New Prohibited Activity (Chapter 40, ROH)
 - Advertising without DPP Permit Number



Goal of Working Draft Bill



- Acknowledge strong public demand for STRs
- Create more level playing fields: Zoning and property taxes
- Better protect residential neighborhoods

Goal of Working Draft Bill



- Balance Competing Views
 - Traditional visitor accommodation industry's need for equity
 - Residential neighbors impacted by STRs
 - Accept the intense market desire for STRs outside of resort areas
 - Public sentiment: No expansion without better enforcement
- Tie zoning program with real property tax policy
- Tap new real property revenue sources without affecting assessments of neighbors

Goal of Working Draft Bill



- Create a stronger enforcement strategy: Illegal ads; progressive penalties
- Create a program that minimizes City program costs; i.e., workable
- Will not eradicate illegal operations, but provides a reasonable opportunity for the market to continue, and safeguard residential neighborhoods



Major Elements of Draft Bill



- New property tax rates to be established separately
- Continues to differentiate between B&Bs and TVUs
- Not applicable to homes rented for less than 30 days per year
- Creates a permitting system (online) to allow both types to expand, with new conditions
- Annual zoning renewal deadline tied to real property tax assessment schedule
- Taps new real property revenue sources without affecting assessments of neighbors
- Mandates specific, mandatory, progressive fines



Major Elements of Draft Bill



- Amortizes existing NUCs
- B&Bs allowed without limit in residential districts
- TVUs not allowed in residential districts
- TVUs allowed in apartment and business districts
- TVUs capped at X percent of total households in applicable Development Plan Area
- Both can only be owned by “natural persons” and with home exemption
- New requirements include: One STR per person, insurance, AOA approval, smoke detectors, posted house rules, local contact info

Foundation for Draft Bill



- City Council Resolutions
- Various national and local studies
- An internal report consolidating facts and trends
- Informal STR Information Group discussions (7)
- Meetings with various individuals and stakeholder groups
- Discussions with key state legislators regarding bills under consideration

Other Benefits of Draft Bill



- Anticipating an online, transparent registration process
- Annual renewal process offers opportunity to take into account public complaints as grounds for denial
- Avoids legal confrontation with federal Common Decency and Storage Acts
- Frees up inspection resources



Other Considerations



- AOA and private covenants on multi-family dwellings will help with enforcement
- Separate Bill: Requires conveyance documents to include City clearance form

STILL A WORKING DRAFT

